

Stock Code: 1308

Asia Polymer Corporation

Handbook for the

2020 Annual General Meeting of Shareholders

Date: June 12, 2020

**Location: 5F., No.2, Yuanshan Rd., Niasong Dist.,
Kaohsiung City , Taiwan (R.O.C.)**

The Kaohsiung Grand Hotel, Po Shou Hall

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Asia Polymer Corporation
Procedure of the 2020 Annual General Meeting of
Shareholders

1. Calling the Meeting to Order

2. Chairperson Takes Chair

3. Chairperson Remarks

4. Report Items

5. Matters for Ratification and Discussion

6. Extemporaneous Motions

7. Adjournment

Asia Polymer Corporation
Year 2020

Agenda of Annual General Meeting of Shareholders

Date : Jun.12, 2020 (Friday) AM 09:00

Location: 5F., No.2, Yuanshan Rd., Niasong Dist., Kaohsiung City, Taiwan (R.O.C.)
The Kaohsiung Grand Hotel, Po Shou Hall

1. Report Items:

- (1) To report 2019 operating results.
- (2) To report Audit Committee's Review Reports of 2019 Financial Statement.
- (3) To report 2019 remuneration of directors and employees.
- (4) To report the amendment to the Ethical Corporate Management Best Practice Principles.
- (5) To report the amendment to the Operating Procedures for Ethical Management and Guidelines for Conduct.

2. Matters for Ratification and Discussion :

- (1) To ratify 2019 Business Report and Financial Statements.
- (2) To ratify 2019 earnings distribution.
- (3) To approve the capitalization on part of dividends.
- (4) To approve the amendment to the Parliamentary Rules for Shareholders' Meetings.
- (5) To approve the amendment to the Operating Procedure for Making of Endorsements/Guarantees.
- (6) To approve the amendment to the Operating Procedure for Loaning of Funds.
- (7) To approve the permission of directors for competitive actions.

3. Extemporary Motions:

4. Adjournment

I. Report Items:

Report 1

To report 2019 operating results

Asia Polymer Corporation 2019 Business Report

The 2019 net sales increased by NT\$478 million YoY to NT\$6.578 billion, with a budget achievement rate of 103%. Pre-tax income increased by NT\$668 million YoY to NT\$983 billion, with a budget achievement rate of 359% and net income of NT\$821 million.

Looking back at 2019, due to the price competition from offshore sources as a result of the surplus PE capacity, the annual average LDPE price dropped by 9%, while the EVA price remained unchanged. The annual unit cost of consumption of VAM, another major material of ethylene and EVA, dropped over 20%. Apart from relieving the high material costs in the past, this has recovered the spread of sales price to a healthier level. In 2019, we adjusted the product portfolio in response to the market condition. Apart from reducing nearly 23% of LDPE sales to reduce impact, we raised the annual EVA sales by 40%. After the adjustment, EVA sales exceeded 100,000MT, the highest in history. In production and R&D, the annual total LDPE/EVA output increased by 4% YoY to about 135,000MT, also the highest since plant operations began. To reduce materials consumption, we continued to reduce emissions from ethylene

production and maintained efforts in HSE management. In the new product development, we engaged in the test run of coating grade EVA at full steam to meet the future processing needs of customers. We also earned positive feedback from customers.

Overall, sales were supported by the thriving demand for PV module packaging films and shrinking supply of PV-grade EVA. By capturing the key production technology, we upgraded both the quantity and quality of coating grade EVA. Thanks to the efforts of the sales and R&D teams, the effect of market cultivation was significant, as witnessed by the sales increase by over 80% of coating grade EVA. As the annual EVA sales price was maintained while the ethylene price was the otherwise the opposite, the spread between EVA and ethylene prices enlarged. The annual total operating profit increased by NT\$724 million YoY to NT\$789 million. Non-operating income reduced by NT\$56 million YoY to NT\$194 million as a result of the net exchange loss from NTD appreciation and the reduction in the interest shares of affiliates adopting the equity method.

Looking out to 2020, despite the optimism from the steady major economic data and the first agreement reached on the US-China trade war, factors including the expansion of the COVID-19 epidemic into a pandemic, the extension of the Spring festival holiday and the unfavorable work resumption condition, the optimism has turned into pessimism about the unfavorable economic impacts from the pandemic. Facing the rapid market changes, apart from keeping closer track on their

impacts on the PE/EVA markets, we will actively cultivate the Southeast Asian and South Asian markets to disperse the risk from over-centralization on the Chinese market to demonstrate the adjustment-to-market-demand flexibility of our production lines. In addition, we will continue our focus on developing highly value-added and highly differentiated products and enhance customer service to added value to products, in order to maintain market competitiveness and capture business opportunities to achieve the annual business targets.

Chairperson: Quintin Wu

President: Pei-Ji Wu

Chief Accounting Officer: Cheng-shun Chen

Report Items:

Report 2

To report Audit Committee's Review Reports of 2019 Financial Statement.

Asia Polymer Corporation Audit Report

This Audit Committee has audited the 2019 Business Report produced by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan, and the proposal for profit distribution and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company, this report is presented for approval to AGM.

To

The 2020 Annual General Meeting of Shareholders

Audit Committee, Asia Polymer
Corporation
Independent Director: Shang-Hung Shen
Independent Director: Da-Xiong Chen
Independent Director: Dun-Qian Zheng

March 17, 2020

Report Items:

Report 3

To report 2019 remuneration of directors and employees

Description: 1. Proceeded in accordance with related orders of the Ministry of Economic Affairs and Article 18 of the Articles of Incorporation of the Company.

2. The remuneration of 2019 for employees will be distributed in cash at 1%, NT\$9,928,679, of the 2019 earnings, and no remuneration will be distributed to directors.

Report Items:

Report 4

To report the amendment to the “Ethical Corporate Management Best Practice Principles”.

Description: 1. Part of the “Ethical Corporate Management Best Practice Principles” was amended with respect to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” promulgated by the Taiwan Stock Exchange Corporation.

2. The content of amended provisions to the “Ethical Corporate Management Best Practice Principles” is shown in the next page.

Asia Polymer Corporation

The Amendment to the “Ethical Corporate Management Best Practice Principles”

After amendment	Before amendment	Description
<p>Article 7: Scope of prevention plan The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</p> <p>The prevention programs, which shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. <u>Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</u> 6. <u>Engaging in unfair competitive practices.</u> 7. <u>Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</u> 	<p>Article 7: Scope of prevention programs When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents, services, hospitality, or other improper benefits. 	<ol style="list-style-type: none"> 1. Revisions made according to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” by the competent authorities in May 2019. 2. At the initial assessment in 2010, we adopted the preventive measures in subparagraphs 1-4. After re-assessment, we added preventive measures in sub-paragraphs 5-7.

<p>Article 8: Commitment and implementation <u>Directors and General manager of the company shall issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The Company and Group enterprises and organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. <u>The declarations, commitments and implementation of the above integrity management policy shall be produced and documented by all responsible units and properly preserved.</u></p>	<p>Article 8: Commitment and implementation The Company and <u>its</u> Group enterprises and organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>The following articles have been added with respect to the amendment by the competent authorities.</p>
<p>Article 14 <u>Prohibition against infringement of intellectual property rights</u> <u>Directors, managers, employees, mandataries, and substantial controllers of the company shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 15 <u>Prohibition of unfair competition</u> <u>The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>

<p>Article 16 <u>Prevention of damage on Stakeholders from Products/Services</u> <u>In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and our directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>
<p>Article 17: Organization and liability The Company’s Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Company’s <u>governance team</u> establishes and <u>supervises the implementation</u> of the ethical corporate management policies and preventive programs <u>according to the following duties.</u> <u>The chief corporate governance officer periodically (at least once a year) reports to the board of directors:</u> 1. <u>Establish regulations to implement the</u></p>	<p>Article 14: Organization and liability The Company’s Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Company shall have its <u>Group HR Division</u> establish the ethical corporate management policies and prevention programs, and have <u>Audit Office</u> <u>supervise the implementation of such policies and programs</u> and report to the Board of Directors on a regular basis.</p>	<ol style="list-style-type: none"> 1. Seriation adjustment 2. Amend in accordance with the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”

<p><u>ethical management policy in compliance with the requirements of laws and regulations.</u></p> <p>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.</u></p> <p>3. <u>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u></p> <p>4. <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p>5. <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p>6. <u>Assisting the board of directors and General manager in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>		
<p>Article <u>18</u>: In compliance with laws and regulations of business executing</p>	<p>Article 15: In compliance with laws and regulations of business executing</p>	<p>Seriation adjustment</p>
<p>Article <u>19</u>: Interest avoidance</p>	<p>Article 16: Interest avoidance of directors and managers</p>	

<p>Article 20: Accounting and internal control The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.</p> <p>The Company’s internal audit officers shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs.</u></p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors and Audit Committee.</u></p>	<p>Article 17: Accounting and internal control The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.</p> <p>The Company’s internal audit officers shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors.</p>	<ol style="list-style-type: none"> 1. Seriation adjustment 2. Amend in accordance with the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
<p>Article 21~ Article 25</p>	<p>Article 18~ Article 22</p>	<p>Only seriation adjustment without content revision.</p>
<p>Article 26 Implement These Principles and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.</p>	<p>Article 23 Enforcement These Principles shall be implemented upon approval by resolution of the Board of Directors, <u>and reported to a shareholders’ meeting.</u> The same shall apply where these Principles are amended.</p>	<p>Simplification of operating procedures.</p>

Report Items:

Report 5

To report the amendment to the “Operating Procedures for Ethical Management and Guidelines for Conduct”.

Description: 1. Part of the “Operating Procedures for Ethical Management and Guidelines for Conduct” was amended with respect to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” promulgated by the Taiwan Stock Exchange Corporation.

2. The content of amended provisions to the “Operating Procedures for Ethical Management and Guidelines for Conduct” is shown in the next page.

Asia Polymer Corporation

The Amendment to the “Operating Procedures for Ethical Management and Guidelines for Conduct”

After amendment	Before amendment	Description
<p>Article 5. (Dedicated Unit) <u>This Company appoints the governance team (the “Dedicated Unit”) under the board of directors to establish and supervise the implementation of the ethical corporate management policies and preventive programs. The chief corporate governance officer shall be in charge of the following matters and report to the board of directors periodically(at least once a year):</u> <u>I. Establish regulations to implement the ethical management policy according to the laws and regulations.</u> <u>II. Periodically analyzes and assess the risk of unethical behavior within the scope of business.</u> <u>III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical behavior.</u> <u>IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u> <u>V. Developing a whistleblower system and ensuring its operating effectiveness.</u> <u>VI. Assisting the board of directors and General manager in assessing whether the preventive measures for ethical management are effectively implemented, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>	<p>Article 5. (Dedicated Unit) The Company shall designate its Group HR Division as the dedicated unit (hereinafter referred to as the “dedicated unit”) in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, and the recording and filing of reports and submission of regular reports to the Board of Directors.</p>	Revisions made according to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” by the competent authorities in May 2019.
<p>Article 24 (Implement) These Procedures and Guidelines, and any</p>	<p>Article 24. (Enforcement) These Procedures and Guidelines shall be</p>	Simplification of operating

amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.	enforced upon approval by a directors' meeting, <u>and reported to a shareholders' meeting.</u> The same shall apply where these Procedures and Guidelines are amended.	procedures.
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II. Matters for Ratification and Discussion:

Proposal 1

Proposed by the Board

To ratify 2019 Business Report and Financial Statements

- Description:
1. The 2019 financial statements (including individual and consolidated financial statements) approved by the Board on March 5, 2020 are audited by CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan and the Audit Committee for the record.
 2. Please refer to p. 4-6 of this Handbook for the 2019 Business Report and p. 19-38 for the CPA Audit Report and the financial statements.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

We have audited the accompanying financial statements of Asia Polymer Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2019 was NT\$6,578,064 thousand, which was approximately 7.84% higher than the sales revenue of NT\$6,099,879 thousand for the year ended December 31, 2018. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Sales revenue from these specific customers was NT\$1,863,448 thousand, which accounted for approximately 28.33% of net sales revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Valuation of Inventory

As of December 31, 2019, the carrying amount of inventory was NT\$349,206 thousand (i.e. the gross amount of inventory of NT\$349,742 thousand with a deduction for the allowance for inventory valuation and obsolescence losses of NT\$536 thousand). Refer to Note 10 to the Company's financial statements for details.

Inventories of the Company are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw material. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management; therefore, the valuation of inventory as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the reasonableness of the Company's policy and methods for the evaluation of allowance for losses on obsolete inventories.
2. We obtained the evaluation documents of the allowance for losses on obsolete inventories from management. We sampled and inspected the latest inventory quotations or sales invoices to verify the basis of the evaluation and whether it is appropriate.
3. By performing a year-end inventory observation, we understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventories.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chun Chiu and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and the financial statements shall prevail.

ASIA POLYMER CORPORATION

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 587,400	4	\$ 839,991	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,585,296	15	1,548,456	10
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	73,352	-	67,601	-
Notes receivable (Notes 4, 5 and 9)	-	-	471	-
Accounts receivable from unrelated parties (Notes 4, 5 and 9)	591,523	4	712,941	5
Accounts receivable from related parties (Notes 4, 5, 9 and 27)	184,772	1	173,727	1
Other receivables (Note 4)	394	-	154	-
Other receivables from related parties (Notes 4 and 27)	3,977	-	2,237	-
Inventories (Notes 4, 5 and 10)	349,206	2	751,531	5
Prepayments	137,953	1	127,543	1
Other current assets	110	-	110	-
Total current assets	<u>4,513,983</u>	<u>27</u>	<u>4,224,762</u>	<u>27</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,288,615	14	2,215,626	14
Investments accounted for using the equity method (Notes 4, 5, 11 and 28)	6,191,020	37	5,074,348	33
Property, plant and equipment (Notes 4 and 12)	3,276,337	19	3,502,460	23
Investment properties (Notes 3, 4 and 14)	458,262	3	431,321	3
Deferred tax assets (Notes 4 and 23)	92,420	-	62,114	-
Other non-current assets (Note 4)	35,531	-	3,948	-
Total non-current assets	<u>12,342,185</u>	<u>73</u>	<u>11,289,817</u>	<u>73</u>
TOTAL	<u>\$ 16,856,168</u>	<u>100</u>	<u>\$ 15,514,579</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 1,100,000	6	\$ 1,350,000	9
Short-term bills payable (Note 15)	649,944	4	599,914	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	2,074	-
Accounts payable to unrelated parties (Note 16)	134,278	1	257,405	1
Accounts payable to related parties (Notes 16 and 27)	15,667	-	23,441	-
Other payables to unrelated parties (Note 17)	183,265	1	138,536	1
Other payables to related parties (Note 27)	166,705	1	129,438	1
Current tax liabilities (Notes 4 and 23)	146,105	1	10,184	-
Lease liabilities - current (Notes 3, 4, 5 and 13)	5,496	-	-	-
Refund liabilities - current (Note 18)	5,899	-	5,899	-
Other current liabilities (Note 21)	12,479	-	18,302	-
Total current liabilities	<u>2,419,838</u>	<u>14</u>	<u>2,535,193</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	3,950,000	24	3,100,000	20
Deferred tax liabilities (Notes 4 and 23)	52,655	-	53,992	1
Lease liabilities - non-current (Notes 3, 4, 5 and 13)	24,501	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	165,868	1	208,670	1
Other non-current liabilities	13,486	-	12,288	-
Total non-current liabilities	<u>4,206,510</u>	<u>25</u>	<u>3,374,950</u>	<u>22</u>
Total liabilities	<u>6,626,348</u>	<u>39</u>	<u>5,910,143</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 20 and 23)				
Share capital				
Ordinary shares	<u>5,543,827</u>	<u>33</u>	<u>5,543,827</u>	<u>36</u>
Capital surplus	<u>24,400</u>	<u>-</u>	<u>19,619</u>	<u>-</u>
Retained earnings				
Legal reserve	1,713,152	10	1,684,469	11
Special reserve	565,379	4	565,379	3
Unappropriated earnings	<u>2,507,082</u>	<u>15</u>	<u>1,851,499</u>	<u>12</u>
Total retained earnings	<u>4,785,613</u>	<u>29</u>	<u>4,101,347</u>	<u>26</u>
Other equity	(124,020)	(1)	(60,357)	-
Total equity	<u>10,229,820</u>	<u>61</u>	<u>9,604,436</u>	<u>62</u>
TOTAL	<u>\$ 16,856,168</u>	<u>100</u>	<u>\$ 15,514,579</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 21 and 27)	\$ 6,578,064	100	\$ 6,099,879	100
OPERATING COSTS (Notes 4, 10, 19, 22 and 27)	<u>5,560,296</u>	<u>85</u>	<u>5,830,015</u>	<u>96</u>
GROSS PROFIT	<u>1,017,768</u>	<u>15</u>	<u>269,864</u>	<u>4</u>
OPERATING EXPENSES (Notes 19, 22 and 27)				
Selling and marketing expenses	108,585	1	98,946	1
General and administrative expenses	115,143	2	100,790	2
Research and development expenses	<u>5,126</u>	<u>-</u>	<u>5,032</u>	<u>-</u>
Total operating expenses	<u>228,854</u>	<u>3</u>	<u>204,768</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>788,914</u>	<u>12</u>	<u>65,096</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22 and 27)				
Other income	149,220	2	163,015	3
Other gains	25,568	1	25,027	-
Interest expense	(56,163)	(1)	(40,142)	(1)
Share of profit of associates	<u>75,400</u>	<u>1</u>	<u>101,868</u>	<u>2</u>
Total non-operating income and expenses	<u>194,025</u>	<u>3</u>	<u>249,768</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	982,939	15	314,864	5
INCOME TAX EXPENSE (Notes 4 and 23)	<u>161,918</u>	<u>3</u>	<u>28,038</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>821,021</u>	<u>12</u>	<u>286,826</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 11, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,646	-	(335)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	99,195	2	(411,077)	(7)

(Continued)

ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	\$ 27,596	-	\$ (30,863)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(60)</u>	<u>-</u>	<u>(959)</u>	<u>-</u>
	<u>132,377</u>	<u>2</u>	<u>(443,234)</u>	<u>(8)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(192,308)	(3)	90	-
Share of the other comprehensive loss of associates accounted for using the equity method	(8,821)	-	(3,688)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>38,462</u>	<u>1</u>	<u>1,057</u>	<u>-</u>
	<u>(162,667)</u>	<u>(2)</u>	<u>(2,541)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(30,290)</u>	<u>-</u>	<u>(445,775)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 790,731</u>	<u>12</u>	<u>\$ (158,949)</u>	<u>(3)</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.48</u>		<u>\$ 0.52</u>	
Diluted	<u>\$ 1.48</u>		<u>\$ 0.52</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

ASIA POLYMER CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 3, 4, 20 and 23)						Other Equity			Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Share (In Thousands)	Ordinary Share		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2018	518,114	\$ 5,181,147	\$ 16,434	\$ 1,627,934	\$ 565,379	\$ 2,061,039	\$ (56,751)	\$ 421,288	\$ -	\$ 9,816,470
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	5,543,827	19,619	1,684,469	565,379	1,851,499	(59,292)	-	(1,065)	9,604,436
Effect of retrospective application	-	-	-	-	-	(855)	-	-	-	(855)
BALANCE AT JANUARY 1, 2019 AS RESTATED	554,382	5,543,827	19,619	1,684,469	565,379	1,850,644	(59,292)	-	(1,065)	9,603,581
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	28,683	-	(28,683)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(166,315)	-	-	-	(166,315)
Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	-	3,087
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,694	-	-	24,779	-	-	(27,737)	(1,264)
Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	-	821,021
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,063	(162,667)	-	128,314	(30,290)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	825,084	(162,667)	-	128,314	790,731
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,573	-	-	(1,573)	-
BALANCE AT DECEMBER 31, 2019	<u>554,382</u>	<u>\$ 5,543,827</u>	<u>\$ 24,400</u>	<u>\$ 1,713,152</u>	<u>\$ 565,379</u>	<u>\$ 2,507,082</u>	<u>\$ (221,959)</u>	<u>\$ -</u>	<u>\$ 97,939</u>	<u>\$ 10,229,820</u>

The accompanying notes are an integral part of the financial statements.

ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 982,939	\$ 314,864
Adjustments for:		
Depreciation expenses	301,610	289,468
Amortization expenses	35	336
Net gain on fair value change of financial assets at fair value through profit or loss	(43,051)	(708)
Interest expense	56,163	40,142
Interest income	(9,268)	(14,275)
Dividend income	(82,778)	(98,122)
Share of profit of associates	(75,400)	(101,868)
Reversal of write-down of inventories	(4,039)	(6,106)
Net loss (gain) on foreign currency exchange	4,534	(2,804)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(993,789)	(166,227)
Notes receivable	472	1,162
Accounts receivable from unrelated parties	115,232	(220,920)
Accounts receivable from related parties	(11,270)	(30,081)
Other receivables from unrelated parties	(32)	3
Other receivables from related parties	(1,740)	4,059
Inventories	406,364	9
Prepayments	(10,410)	(5,500)
Financial assets held for trading	(2,074)	(666)
Accounts payable from unrelated parties	(122,962)	149,144
Accounts payable from related parties	(7,570)	(6,021)
Other payables from unrelated parties	47,509	(10,209)
Other payables from related parties	38,806	(172,811)
Other current liabilities	(5,823)	11,970
Net defined benefit liabilities	(37,156)	(3,874)
Cash generated from (used in) operations	546,302	(29,035)
Interest received	9,028	15,374
Interest paid	(55,801)	(39,235)
Income tax paid	(19,238)	(49,896)
Net cash generated from (used in) operating activities	<u>480,291</u>	<u>(102,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	-	(3,926)
Proceeds from sale of financial assets at fair value through other comprehensive income - current	2,389	5,883
Capital reduction of financial assets at fair value through other comprehensive income	18,066	21,077
Acquisition of associates	(1,280,719)	(1,747,780)

(Continued)

ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Payments for property, plant and equipment	\$ (67,422)	\$ (159,030)
Increase in refundable deposits	-	(2)
Payments for intangible assets	-	(106)
Increase in other non-current assets	(31,618)	(1,690)
Dividends received	<u>147,428</u>	<u>161,245</u>
Net cash used in investing activities	<u>(1,211,876)</u>	<u>(1,724,329)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(250,000)	850,000
Proceeds from (repayments of) short-term bills payable	50,000	(100,000)
Proceeds from long-term borrowings	12,500,000	9,650,000
Repayments of long-term borrowings	(11,650,000)	(9,450,000)
Repayment of the principal portion of lease liabilities	(5,864)	-
Increase in other non-current liabilities	1,198	5,577
Dividends paid to owners of the Company	<u>(166,340)</u>	<u>(103,594)</u>
Net cash generated from financing activities	<u>478,994</u>	<u>851,983</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(252,591)	(975,138)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>839,991</u>	<u>1,815,129</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 587,400</u>	<u>\$ 839,991</u>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

We have audited the accompanying consolidated financial statements of Asia Polymer Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2019 was NT\$6,791,157 thousand, which was approximately 6.53% higher than the sales revenue of NT\$6,375,134 thousand for the year ended December 31, 2018. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Sales revenue from these specific customers was NT\$1,863,448 thousand, which accounted for approximately 27.44% of net operating revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Valuation of Inventory

As of December 31, 2019, the carrying amount of inventory was NT\$386,670 thousand (i.e. the gross amount of inventory of NT\$387,206 thousand with a deduction of the allowance for inventory valuation and obsolescence losses of NT\$536 thousand). Refer to Note 10 to the Group's consolidated financial statements for details.

Inventories of the Group are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw materials. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management; therefore, we identified the valuation of inventory as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the reasonableness of the Group's policy and methods for the evaluation of allowance for losses on obsolete inventories.
2. We obtained the evaluation documents of the allowance for losses on obsolete inventories from management. We sampled and inspected the latest inventory quotations or sales invoices to verify basis of the evaluation and whether it is appropriate.
3. By performing a year-end inventory observation, we understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventories.

Other Matter

We have also audited the parent company only financial statements of Asia Polymer Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chun Chiu and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 938,616	6	\$ 1,134,203	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,646,378	16	1,612,711	10
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	73,352	-	67,601	1
Notes receivable (Notes 4, 5 and 9)	-	-	471	-
Accounts receivable from unrelated parties (Notes 4, 5 and 9)	591,523	3	712,941	5
Accounts receivable from related parties (Notes 4, 5, 9 and 28)	156,784	1	166,356	1
Other receivables (Note 4)	1,196	-	1,467	-
Other receivables from related parties (Notes 4 and 28)	4,015	-	2,470	-
Inventories (Notes 4, 5 and 10)	386,670	2	779,278	5
Prepayments	141,794	1	128,982	1
Other current assets	110	-	110	-
Total current assets	4,940,438	29	4,606,590	30
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,357,879	14	2,310,993	15
Investments accounted for using the equity method (Notes 4, 5, 12 and 29)	5,683,009	34	4,597,548	30
Property, plant and equipment (Notes 4 and 13)	3,277,233	19	3,502,692	22
Investment properties (Notes 3, 4 and 15)	536,565	3	513,840	3
Deferred tax assets (Notes 4 and 24)	92,420	1	62,114	-
Other non-current assets (Note 4)	35,547	-	3,966	-
Total non-current assets	11,982,653	71	10,991,153	70
TOTAL	\$ 16,923,091	100	\$ 15,597,743	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,100,000	7	\$ 1,350,000	8
Short-term bills payable (Note 16)	649,944	4	599,914	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	2,074	-
Accounts payable to unrelated parties (Note 17)	134,772	1	258,271	2
Accounts payable to related parties (Notes 17 and 28)	52,003	-	83,207	-
Other payables to unrelated parties (Note 18)	183,427	1	138,909	1
Other payables to related parties (Note 28)	166,588	1	129,404	1
Current tax liabilities (Notes 4 and 24)	146,341	1	10,309	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	5,496	-	-	-
Refund liabilities - current (Note 19)	5,899	-	5,899	-
Other current liabilities (Note 22)	25,358	-	25,668	-
Total current liabilities	2,469,828	15	2,603,655	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	3,950,000	24	3,100,000	20
Deferred tax liabilities (Notes 4 and 24)	52,720	-	54,057	1
Lease liabilities - non-current (Note 3, 4, 5 and 14)	24,501	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	165,868	1	208,670	1
Credit balance of investments accounted for using the equity method (Notes 4 and 12)	14,049	-	11,869	-
Other non-current liabilities	16,305	-	15,056	-
Total non-current liabilities	4,223,443	25	3,389,652	22
Total liabilities	6,693,271	40	5,993,307	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 21 and 24)				
Share capital				
Ordinary shares	5,543,827	33	5,543,827	36
Capital surplus	24,400	-	19,619	-
Retained earnings				
Legal reserve	1,713,152	10	1,684,469	11
Special reserve	565,379	3	565,379	3
Unappropriated earnings	2,507,082	15	1,851,499	12
Total retained earnings	4,785,613	28	4,101,347	26
Other equity	(124,020)	(1)	(60,357)	-
Total equity	10,229,820	60	9,604,436	62
TOTAL	\$ 16,923,091	100	\$ 15,597,743	100

The accompanying notes are an integral part of the consolidated financial statements.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 28)	\$ 6,791,157	100	\$ 6,375,134	100
OPERATING COSTS (Notes 4, 10, 20, 23 and 28)	<u>5,755,709</u>	<u>85</u>	<u>6,090,668</u>	<u>96</u>
GROSS PROFIT	<u>1,035,448</u>	<u>15</u>	<u>284,466</u>	<u>4</u>
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	111,574	1	101,522	1
General and administrative expenses	120,341	2	105,930	2
Research and development expenses	<u>5,126</u>	<u>-</u>	<u>5,032</u>	<u>-</u>
Total operating expenses	<u>237,041</u>	<u>3</u>	<u>212,484</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>798,407</u>	<u>12</u>	<u>71,982</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 28)				
Other income	165,621	2	179,182	3
Other gains	23,859	-	10,707	-
Interest expense	(56,163)	(1)	(40,142)	(1)
Share of profit of associates	<u>53,117</u>	<u>1</u>	<u>95,134</u>	<u>2</u>
Total non-operating income and expenses	<u>186,434</u>	<u>2</u>	<u>244,881</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	984,841	14	316,863	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>163,820</u>	<u>2</u>	<u>30,037</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>821,021</u>	<u>12</u>	<u>286,826</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 12, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,646	-	(343)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	122,885	2	(419,766)	(7)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	3,906	-	(22,166)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(60)</u>	<u>-</u>	<u>(959)</u>	<u>-</u>
	<u>132,377</u>	<u>2</u>	<u>(443,234)</u>	<u>(7)</u>

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (192,308)	(3)	\$ 90	-
Share of the other comprehensive loss of associates accounted for using the equity method	(8,821)	-	(3,688)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>38,462</u>	<u>1</u>	<u>1,057</u>	<u>-</u>
	<u>(162,667)</u>	<u>(2)</u>	<u>(2,541)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(30,290)</u>	<u>-</u>	<u>(445,775)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 790,731</u>	<u>12</u>	<u>\$ (158,949)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.48</u>		<u>\$ 0.52</u>	
Diluted	<u>\$ 1.48</u>		<u>\$ 0.52</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

ASIA POLYMER CORPORATION AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company (Notes 3, 4, 8, 21 and 24)									Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		
	Shares (In Thousands)	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2018	518,114	\$ 5,181,147	\$ 16,434	\$ 1,627,934	\$ 565,379	\$ 2,061,039	\$ (56,751)	\$ 421,288	\$ -	\$ 9,816,470
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	5,543,827	19,619	1,684,469	565,379	1,851,499	(59,292)	-	(1,065)	9,604,436
Effect of retrospective application	-	-	-	-	-	(855)	-	-	-	(855)
BALANCE AT JANUARY 1, 2019 AS RESTATED	554,382	5,543,827	19,619	1,684,469	565,379	1,850,644	(59,292)	-	(1,065)	9,603,581
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	28,683	-	(28,683)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(166,315)	-	-	-	(166,315)
Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	-	3,087
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,694	-	-	(3,328)	-	-	370	(1,264)
Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	-	821,021
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,063	(162,667)	-	128,314	(30,290)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	825,084	(162,667)	-	128,314	790,731
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	29,680	-	-	(29,680)	-
BALANCE AT DECEMBER 31, 2019	554,382	\$ 5,543,827	\$ 24,400	\$ 1,713,152	\$ 565,379	\$ 2,507,082	\$ (221,959)	\$ -	\$ 97,939	\$ 10,229,820

The accompanying notes are an integral part of the consolidated financial statements.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 984,841	\$ 316,863
Adjustments for:		
Depreciation expenses	304,100	292,070
Amortization expenses	35	336
Net (gain) loss on fair value change of financial assets at fair value through profit or loss	(44,078)	3,682
Interest expense	56,163	40,142
Interest income	(14,876)	(18,489)
Dividend income	(83,146)	(98,787)
Share of profit of associates	(53,117)	(95,134)
Loss on disposal of property, plant and equipment	20	-
Reversal of write-down of inventories	(4,039)	(6,118)
Net loss (gain) on foreign currency exchange	4,534	(2,804)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(989,589)	(173,379)
Notes receivable	472	1,162
Accounts receivable from unrelated parties	115,232	(220,920)
Accounts receivable from related parties	9,347	(53,369)
Other receivables from unrelated parties	(28)	6
Other receivables from related parties	(1,545)	4,059
Inventories	396,647	(11,455)
Prepayments	(12,812)	(6,068)
Financial liabilities held for trading	(2,074)	(666)
Accounts payable from unrelated parties	(123,334)	148,485
Accounts payable from related parties	(31,000)	15,589
Other payables from unrelated parties	47,298	(10,446)
Other payables from related parties	38,723	(172,751)
Other current liabilities	(310)	16,140
Net defined benefit liabilities	(37,156)	(3,874)
Cash generated from (used in) operations	560,308	(35,726)
Interest received	15,143	18,680
Interest paid	(55,801)	(39,235)
Income tax paid	(21,029)	(52,160)
Net cash generated from (used in) operating activities	<u>498,621</u>	<u>(108,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	-	(3,926)
Proceeds from sale of financial assets at fair value through other comprehensive income - current	45,727	5,883
Capital reduction of financial assets at fair value through other comprehensive income	24,690	21,077

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of associates	(1,280,719)	(1,747,780)
Payments for property, plant and equipment	(68,524)	(159,030)
Proceeds from disposal of property, plant and equipment	182	-
Decrease (increase) in refundable deposits	2	(3)
Payments for intangible assets	-	(106)
Dividends received	147,795	161,911
Increase in other non-current assets	<u>(31,618)</u>	<u>(1,690)</u>
Net cash used in investing activities	<u>(1,162,465)</u>	<u>(1,723,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(250,000)	850,000
Proceeds from (repayments of) short-term bills payable	50,000	(100,000)
Proceeds from long-term borrowings	12,500,000	9,650,000
Repayments of long-term borrowings	(11,650,000)	(9,450,000)
Repayment of the principal portion of lease liabilities	(5,864)	-
Increase in other non-current liabilities	1,249	5,662
Dividends paid to owners of the Company	<u>(166,340)</u>	<u>(103,594)</u>
Net cash generated from financing activities	<u>479,045</u>	<u>852,068</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(10,788)</u>	<u>1,865</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(195,587)	(978,172)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,134,203</u>	<u>2,112,375</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 938,616</u>	<u>\$ 1,134,203</u>

Matters for Ratification and Discussion:

Proposal 2

Proposed by the Board

To ratify 2019 earnings distribution.

Description: 1. In 2019, the earnings after tax was NT\$850,580,229. After appropriating NT\$85,058,023 as the legal reserve, the distributable net profit of 2019 is NT\$765,522,206. By the end of 2019, the accumulated distributable earnings is NT\$2,422,022,948 and will be distributed as follows:

(1)Cash dividend: NT\$332,629,647, i.e.

NT\$0.6 per share.

(2)Stock dividend:NT\$277,191,370, i.e. NT\$

0.5 per share, or 50 shares

per 1,000 shares.

The unappropriated earnings after distribution will be NT\$1,812,201,931.

2. Please refer to p. 41, “Profit Distribution Table”, for details.

3. According to this proposal, the profit of 2019

will first be distributed, and the insufficiency will be distributed from the profit of previous years.

4. The cash dividends allocated to each shareholder shall be rounded down to a whole dollar amount of New Taiwan Dollars, and the total amount of allocation will be subject to the actual amount allocated.
5. Please authorize the Chairman to set a target date for the distribution of cash dividends after the adoption of this proposal.

Resolution:

Asia Polymer Corporation 2019 Profit Distribution Table

	expressed in NTD
Net profit before tax of 2019	982,939,194
Less: Income tax	(161,918,354)
Net profit of 2019	821,020,840
Less: Decrease in the undistributed earnings adjusted for first-time adoption of IFRS	(3,378,728)
Less: Retained earnings adjusted for investments made under the equity method	(435,652)
Add: Measuring the profit of equity instruments by fair value through other comprehensive gains and losses	29,310,033
Add: Retained earnings adjusted for the defined benefit plan after re-measurement	4,063,736
Earnings after tax of 2019	850,580,229
Less: Legal reserve	(85,058,023)
Distributable net profit of 2019	765,522,206
Add: Beginning unappropriated earnings	1,656,500,742
Accumulated distributable earnings at the end of 2019	2,422,022,948
Distributable items: (total issued shares: 554,382,745)	
Cash dividend: 0.6/share	332,629,647
Stock dividend: 0.5/share	277,191,370
Total of distributable items	609,821,017
Unappropriated earnings at the end of 2019 transferred to the next year	1,812,201,931

Chairperson: Yih-Guei Wu President: Pei-Ji Wu Chief Accounting Officer: Cheng-shun Chen

Matters for Ratification and Discussion:

Proposal 3

Proposed by the Board

To approve the capitalization on stock dividends.

Description 1. To enrich operating capital, this proposal is made to have the stock dividends NT\$277,191,370 to be issued 27,719,137 new shares, par value at NT\$10 per share, to increase capital NT\$277,191,370.

2. Currently the paid-in capital is NT\$5,543,827,450 divided into 554,382,745 shares. After issuing new shares to increase capital, the paid-in capital will be NT\$5,821,018,820 divided into 582,101,882 shares.

3. The Board will set another target day for the issuance of stock dividend in this proposal. The dividend at 50 shares per 1,000 shares for the increased shares are determined based on the stake of shareholders registered in the List of Shareholders on the target day. Shareholders holding fractional shares after the increase may arrange to combine such shares together to meet the distribution requirements. The Chairman is authorized to contact specified person(s) to subscribe the uncombined fractional shares that are not combined at the face value and distribute such dividends in cash.

4. The rights and obligations of the new shares will be the same as all issued shares.
5. Should the terms and conditions of this proposal be requested to alter by the competent authority, it is proposed that the Board of Directors be authorized to take all required actions accordingly.

Resolution:

Matters for Ratification and Discussion:

Proposal 4

Proposed by the Board

To approve the amendment to the “Parliamentary Rules for Shareholders’ Meetings”.

Description : 1.The “Parliamentary Rules for Shareholders’ Meetings” is amended in accordance with promotion of regulating related laws and regulations in the company's internal rules to strengthen the spirit of corporate governance by the competent authority.

2. The revised “Parliamentary Rules for Shareholders’ Meetings” is shown in the next page.

Resolution :

Asia Polymer Corporation

Parliamentary Rules for Shareholders' Meetings (revised)

Amended on June 12, 2020

Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

(Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and publi.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Ac shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

If re-election of the complete board of directors is listed as the purpose of a meeting of

shareholders and the inauguration date is stated, after the completion of the board of directors, the inauguration date shall not be change by a motion or other means in the same meeting of shareholders.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission in writing or by way of electronic transmission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

(Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

(The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by the directors. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

(Documentation of a shareholders meeting by audio or video)

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

(Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Any extemporaneous motion(s) and/or the amendment(s) to the original proposal(s) shall be resolved. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote. The time for voting

shall be sufficient.

Article 11

(Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

(Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results of resolution (including a record made of the vote); where there is an election of directors, shall record the number of the vote for each candidate who is nominated and the minutes shall be retained for the duration of the existence of this Corporation.

Article 16

(Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17

(Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18

(Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Matters for Ratification and Discussion:

Proposal 5

Proposed by the Board

To approve the amendment to the “Operating Procedure for Making of Endorsements/Guarantees”.

Description : 1. In accordance with related orders of the Financial Supervisory Commission and considering the company's actual guarantee status and future needs, part of the “Operating Procedure for Making of Endorsements/Guarantees” is amended.

2. The amendment to the “Operating Procedure for Making of Endorsements/Guarantees” is shown in the next page.

Resolution :

Asia Polymer Corporation

The Amendment to the “Operating Procedure for Making of Endorsements/Guarantees”

After amendment	Before amendment	Description
<p>Article 4: Limit of endorsement/guarantee: The maximum limit of endorsements/guarantees provided by <u>this Company for external companies shall not exceed 50% of Company’s net shareholder’s equity as disclosed in the latest financial statements.</u> The maximum limit of endorsements/guarantees provided by this Company for a single company shall not exceed <u>40%</u> of Company’s net shareholders’ equity as disclosed in the latest financial statements</p> <p>The maximum limit of endorsements/guarantees provided by this Company and subsidiaries together <u>for external companies shall not exceed 60% of the Company’s net shareholders’ equity as disclosed in the latest financial statements.</u> The maximum limit of endorsements/guarantees provided by this Company and subsidiaries together for a single company shall not exceed <u>50%</u> of this Company’s net shareholders’ equity as disclosed in the latest financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (omitted)</p> <p>Article 9: Time limit for public announcement and contents thereof</p> <p>I. The Company shall enter the</p>	<p>Article 4: Limit of endorsement/guarantee: The aggregate amount of Endorsements and Guarantees made by the Company and the authorized limit on Endorsements and Guarantees made by the Company to any single entity both shall not exceed <u>60%</u> of the Company’s net worth as stated in the Company’s most recent financial statements. The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed <u>60%</u> of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (omitted)</p> <p>Article 9: Time limit for public announcement and contents thereof</p> <p>I. The Company shall enter the</p>	<p>In consideration of the suitable differentiation of the maximum limit of endorsements/guarantees for others and for a single company, ratio is revised with reference to the actual condition of guarantees and in consideration of future needs.</p> <p>Text is revised according to Notice Jin-Guan-Zheng-S</p>

<p>balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.</p> <p>II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:</p> <p>(I) (II) (omitted)</p> <p>(III) The aggregate balance of endorsements/guarantees for a single company of this Company and subsidiaries is over NT\$10 million and the total of endorsements/guarantees, the <u>book value</u> of investment <u>adopting the equality method</u> and lending balance is over 30% the Company's net worth as disclosed in the latest financial statements.</p> <p>(IV) (omitted)</p> <p>“Date of Occurrence” referred to in these Procedures shall mean the date of transaction contract execution, date of payment, date of board resolutions or other dates valid for <u>determining</u> the counterpart and amount of endorsements/guarantees, whichever is earlier.</p> <p>Article 12: Enforcement and amendment</p> <p>The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a Board of Directors' meeting and approval by a shareholders' meeting in advance. If a director expresses dissent and it is</p>	<p>balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.</p> <p>II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:</p> <p>(I) (II) (omitted)</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries to a single entity reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a <u>long-term nature</u> in, and balance of loans to, such entity reaches thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(IV) (omitted)</p> <p>Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p> <p>Article 12: Enforcement and amendment</p> <p>The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a Board of Directors' meeting and approval by a shareholders' meeting in advance. If a director expresses dissent and it is</p>	<p>hen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p> <p>Text is revised according to Notice Jin-Guan-Zheng-S hen-Zi No. 1080304826 issued by the Financial Supervisory</p>
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<p>contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion. The same shall apply where the Procedure is amended.</p> <p><u>If the agreement of over one-half of all audit committee members as required in the preceding paragraph is not acquired, approval can be made over two thirds of all directors and the resolution of the audit committee shall be recorded in the minutes of the board meeting.</u></p> <p><u>"All Audit Committee Members" and "All Directors" in these Procedures shall be the actual number of persons currently holding those positions.</u></p>	<p>contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion. The same shall apply where the Procedure is amended.</p> <p><u>Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>Commission on March 7, 2019.</p>
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Matters for Ratification and Discussion:

Proposal 6

Proposed by the Board

To approve the amendment to the “Operating Procedure for Loaning of Funds”.

Description : 1. Part of the “Operating Procedure for Loaning of Funds” is amended in accordance with related orders of the Financial Supervisory Commission.

2. The amendment to the “Operating Procedure for Loaning of Funds” is shown in the next page.

Resolution :

Asia Polymer Corporation

The Amendment to the” Operating Procedure for Loaning of Funds”

After amendment	Before amendment	Description
<p>Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The limit of loan to each entity is defined as follows subject to the reason of loaning:</p> <p>(I) (II)(omitted)</p> <p>The 40% of the Company’s net worth limit shall not apply to the capital lending <u>between this Company and an overseas company wholly-owned by this Company directly or indirectly and the capital lending to this Company by such overseas companies.</u> However, the total amount of capital lending and the limit for individual borrowers shall not exceed 100% of the Company’s net worth as disclosed in the latest financial statements audited or reviewed by CPAs.</p> <p>The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>The responsible person of this Company breaching this provision shall assume the joint responsibility for repayment with the borrower. If damages are caused to this Company, it shall indemnify for such damages.</u></p>	<p>Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The limit of loan to each entity is defined as follows subject to the reason of loaning:</p> <p>(I) (II)(omitted)</p> <p>The restriction on 40% of the net worth of a foreign company in which the Company holds, directly or indirectly, 100% of the voting shares shall not apply to short-term financing facility between said foreign company and the other foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. The aggregate amount of loans and individual loan shall be no more than 100% of the net worth of the foreign company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>

<p>Article 5: Operating Procedure for Loaning of Funds</p> <p>(I) Procedure</p> <p>1.The Company’s loaning of fund or short-term financing facility shall be subject to approval by the Company’s Financial Department, and submitted to a Board of Directors’ meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors’ meeting for a resolution in advance.</p> <p>Capital lending between this Company and subsidiaries or among subsidiaries shall be submitted for a resolution by the board of directors of the <u>lending company</u> and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year to give loans in installments or to make a revolving credit line available for the borrower to draw down.</p> <p>(rest omitted)</p>	<p>Article 5: Operating Procedure for Loaning of Funds</p> <p>(I) Procedure</p> <p>1.The Company’s loaning of fund or short-term financing facility shall be subject to approval by the Company’s Financial Department, and submitted to a Board of Directors’ meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors’ meeting for a resolution in advance.</p> <p>Loaning of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution by a Board of Directors’ meeting pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by a Board of Directors’ meeting, and within a period not to exceed one (1) year, to give loans in installments or to make a revolving credit line available for the borrower to draw down.</p> <p>(rest omitted)</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>
<p>Article 6: Duration of financing facility and calculation of interest</p> <p>The term of each capital lending shall not exceed one year. However, for capital lending <u>between this Company and foreign companies wholly-owned by this Company directly or indirectly or capital lending to this Company by such overseas companies</u>, the term shall not exceed five years. When a debt is mature, the borrower shall first repay the principal. Request for renewal of lending shall be reported to the board of directors for</p>	<p>Article 6: Duration of financing facility and calculation of interest</p> <p>Duration of the funds loaned by the Company shall be no more than one (1) year, provided that it shall be no more than five years in the case of the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. Upon maturity of the funds loaned by the Company, the principal must be repaid at first and renewal of the loan is only applicable upon approval by a Board of Directors’ meeting.</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>

<p>approval. (omitted)</p> <p>Article 8: Procedure for public announcement and report (I) (omitted) (II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence: 1.~3.(omitted) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph. “Date of Occurrence” referred to in these Procedures shall mean the date of transaction contract execution, date of payment, date of board resolutions, or other dates valid for determining the counterpart and amount of <u>capital lending</u>, whichever is earlier.</p>	<p>Article 8: Procedure for public announcement and report (I) (omitted) (II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence: 1.~3.(omitted) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph. Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>
<p>Article 11: The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a board of directors meeting and approval by a shareholders’ meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting</p>	<p>Article 11: The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a board of directors meeting and approval by a shareholders’ meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>

<p>opinion to the Audit Committee and also to a shareholders' meeting for discussion.</p> <p><u>If the agreement of over one-half of all audit committee members as required in the preceding paragraph is not acquired, approval can be made over two thirds of all directors and the resolution of the audit committee shall be recorded in the minutes of the board meeting.</u></p> <p><u>"All Audit Committee Members" and "All Directors" in these Procedures shall be the actual number of persons currently holding those positions.</u></p>	<p>opinion to the Audit Committee and also to a shareholders' meeting for discussion.</p> <p><u>Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	
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Matters for Ratification and Discussion:

Proposal 7

Proposed by the Board

To approve the permission of director for competitive actions.

Description : 1. Referring to Article 209 of the Company Act, “A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. Directors of the Company engage in business within the scope of business of the Company are tabulated below. Without harming the interest of the Company, it is proposed to allow their act in accordance with the Company Act.

Name of Directors	Concurrent Employers	Title
Independent Director Shang-Hong Shen	Sin Jhong Solar Power Co., Ltd.	Chairman
	Bigbest Solutions, Inc.	Director
Independent Director Dun-Qian Zheng	Elite Material Co., Ltd.	Independent Director
Pei-Ji Wu (Representative of Union Polymer International Investment Corporation)	Taiwan United Venture Capital Corp.	Director

Resolution :

III. Extemporaneous Motions

IV. Meeting Adjournment

Appendix 1

Parliamentary Rules for Shareholders' Meetings of Asia Polymer Corporation (before amendment)

June 24, 2019

Amendments hereto

1. Unless otherwise provided in laws, the Company's shareholders' meetings shall be held in accordance with the Rules.
2. The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in a sign-in card in lieu of signing on the attendance book. The number of shares in attendance shall be calculated in accordance with those indicated on the sign-in cards, plus the number of shares representing the voting rights exercised in an electronic form. Notwithstanding, the number of shares represented by the shareholders who exercise their voting right in an electronic form and attend the meeting in person shall not be counted repeatedly. In case a shareholder elects to exercise his/her/its voting power in an electronic form, his/her/its declaration of intention shall be served to the Company two (2) days prior to the shareholders' meeting. Whereas if two (2) or more declarations of the intention are served to the Company, the first declaration received shall prevail, unless an explicit statement to revoke the previous declaration is made in the declaration which comes later. In case a shareholder who has exercised his/her/its voting power in an electronic form intends to attend the shareholders' meeting in person, he/she/it shall, two (2) days prior to the shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration to rescind his/her/its previous declaration. In the absence of a timely rescission, the voting right exercised in an electronic form shall prevail.
3. The presence of shareholders in a shareholders' meeting and their voting thereof shall be calculated in accordance with the number of shares.
4. The place for convening the Company's shareholders' meeting shall be the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of said meeting. The meeting shall commence no earlier than 9:00AM and no later than 3:00PM on the same day.
5. Where the shareholders' meeting is convened by the Board of Directors, the Chairman of Board shall act as the meeting chairperson. When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, he/she shall appoint one director to act on behalf of him/her. If the Chairman does not make such a designation, the proxy shall be elected by directors from among themselves.
If a shareholders' meeting is convened by any other person than the Board of Directors, who has the right to convene the meeting, said person shall preside at that meeting.
6. The Company may designate its attorney-at-law, certified public accountant or other relevant persons to attend the shareholders' meeting.
Those handling the business of a shareholders' meeting shall wear an identification card or a armband.
7. The Company shall record with an audio or video tape the whole proceedings of the shareholders' meeting, and said tape shall be kept for at least one (1) year.
8. When the meeting is attended by shareholders representing a majority of the issued shares, the chairperson shall immediately convene the meeting, provided, however, if the statutory quota is not met at the scheduled time for the meeting, the chairperson may postpone the meeting. Provided, however, that the postponement of said meeting shall take place for no more than twice, and the total time postponed shall be no more than one (1) hour. If the meeting has been postponed for twice, but the attending shareholders represent one third or more of the total issued shares, a tentative resolution may be adopted in accordance with the Company Act by a majority

- of shareholders present at the meeting.
Before the close of said meeting if the shareholders present reach the statutory quota, the chairperson may resubmit the tentative resolution for a vote by the shareholders meeting in accordance with the Company Act.
9. If a shareholders' meeting is convened by the Board of Directors, the agenda shall be formulated by the Board of Directors, and the meeting shall be proceeded with in accordance with said agenda. The agenda shall not be changed without a resolution made by the shareholders' meeting.
The chairperson shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the agenda have not been resolved.
After the close of said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place. Provided that where the chairperson declares the adjournment of the meeting in a manner in violation of the Rules, a new chairperson of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending said meeting to continue the meeting.
For a shareholders' meeting convened by the board of directors, the one to be elected as referred to in the preceding paragraph shall be limited to a director.
10. A shareholder wishing to speak in a shareholders meeting shall first fill out a Speaker's slip , specifying therein the major points of his speech, his shareholder account number and name, and the chairperson shall determine his order of giving a speech.
A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail.
When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairperson and said shareholder, and the chairperson shall prevent others from interrupting.
After the present shareholder gives his speech, the chairperson may, in person or appoint related personnel to, respond to the speech.
11. A shareholder shall not speak more than two (2) times for one motion, unless he has obtained the prior consent from the chairperson, and each speech shall not exceed five (5) minutes.
If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairperson may prevent him from doing so.
12. A corporate shareholder being entrusted to attend in a shareholders meeting may designate only one (1) representative to represent it in the meeting.
If a corporate shareholder which designates two (2) or more representatives to represent it at the shareholders' meeting, only one of the representatives may speak on any one motion.
13. When the chairperson is of the opinion that a motion has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the motion to vote.
In the case of an amendment or substitute to a motion, the chairperson shall decide on the order of voting by combining the amendment or substitute with the same motion. If one of the motions has been approved, the other shall be deemed over-ruled and no further vote is required.
14. The monitoring and counting personnel shall be designated by the chairperson, provided, however, that the monitoring personnel shall be a shareholder.
The voting result of a motion shall be calculated based on the votes cast on the site plus the e-votes, and shall be reported on the site and recorded in writing. The ballots for the election cast on the site, together with the e-voting materials, shall be sealed with the signatures/seals of the monitoring personnel and kept by the Company in proper custody.
For the e-voting result referred to in the preceding paragraph, an entity which meets Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies shall be commissioned to certify the statistics of votes prior to the shareholders' meeting.
15. Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act or the Company's Articles of Incorporation, be adopted by a majority of eligible votes of the shareholders who exercise their voting rights by casting ballot on the site and in an electronic form.

Shareholders may choose to exercise their voting right in an electronic form or by balloting on the site to resolve the motion referred to in the preceding paragraph.

Shareholders who choose to exercise their voting right in an electronic form referred to in the preceding paragraph shall exercise the right on the e-voting platform designated by the Company, according to the Company Act, Securities and Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies.

In case a shareholder has exercised his/her/its voting right in an electronic form, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting right exercised by the authorized proxy for said shareholder shall prevail.

Unless otherwise provided for by laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.

16. During the proceedings of a meeting, the chairperson may consider the schedule and announce for a break.
17. The chairperson may direct disciplinary personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear an armband bearing the words of “disciplinary personnel”.
18. Any matters not covered herein shall be implemented in accordance with the Company Act, the Company’s Articles of Incorporation, and other related laws.
19. The Rules shall be enforced upon approval by a shareholders’ meeting. The same shall apply where the Rules are amended.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 2

Articles of Incorporation of ASIA POLYMER CORPORATION

Section 1. General Provisions

- Article 1: The Company is incorporated under the Company Act of the Republic of China and named “亞洲聚合股份有限公司” and “ASIA POLYMER CORPORATION” in English.
- Article 2: The scope of the Company’s business is specified as follows:
1. Manufacturing, Fabricating & Sales of Low Density Polyethylene Resins.
 2. Manufacturing, Fabricating & Sales of Medium Density Polyethylene Resins.
 3. Sales of High Density Polyethylene Resins.
 4. Sales of Linear Low Density Polyethylene Resins.
 5. Manufacturing, Fabricating & Sales of Ethylene Vinyl Acetate Copolymer Resins.
 6. Manufacturing & Sales of Degradable Plastic Resins.
 7. F113010 Wholesale of Machinery.
 8. ZZ99999 Other than business requiring special approval, any business not prohibited or restricted by laws or regulations.
- Article 2-1: The Company’s total investment may be exempted from the restriction for no more than 40% of the paid-in capital prescribed by Article 13 of the Company Act.
- Article 2-2: The Company may make endorsement/guarantee externally due to the Company’s business needs or investment needs. The endorsement/guarantee shall be signed by the Chairman on behalf of the Company and comply with the Company’s operating procedure for making endorsement/guarantee.
- Article 3: The Company’s head office is situated in Kaohsiung City, Taiwan, the R.O.C., and, when necessary, may set up branches, offices and factories considered by the Company as adequate for promoting its business.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section 2. Stocks

- Article 5: The total capital stock of the Company shall be in the amount of NT\$6,200,000,000, divided into 620,000,000 common shares, at a par value of NT\$10 per share, and may be issued in installments.
- Article 5-1: For the shares to be issued to the public by the Company, the Company may be exempted from printing any share certificate for the shares issued, shall register the issued shares with a centralized securities depository enterprise, printing any share certificate for the shares issued. The Company’s share certificates shall be registered and affixed with the signatures or personal seals of the directors representing the Company, be assigned with serial numbers, and certified by the law prior to issuance.
- Article 6: The Company’s handling of it’s shareholders services shall comply with the “Regulations

Governing the Administration of Shareholder Services of Public Companies” prescribed by the competent securities authority’s.

Article 6-1: (Deleted)

Article 6-2: The transfer of shares shall not be registered within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

Section 3. Shareholders’ Meeting

Article 7: (Deleted)

Article 8: Convening of a general shareholders’ meeting shall be notified thirty (30) days ago. Convening of a special shareholders’ meeting shall be notified fifteen (15) days ago.

Article 9: Resolutions at a shareholders’ meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the shareholders present, who represent more than a majority of the total issued shares. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended said shareholders' meeting in person. The related matters shall be implemented in accordance with laws.

Article 9-1: Where any shareholder fails to attend a shareholders’ meeting, he/she/it may appoint a proxy, pursuant to the Company Act and “Regulations Governing the Use of Proxies for Attendance at Shareholders’ Meeting of Public Companies”_prescribed by the competent securities authority’s, to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

Article 10: Unless otherwise provided for in under laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.

Section 4. Directors and Audit Committee

Article 11: The Chairman of the Board of Directors shall be elected from among the directors pursuant to Article 208 of the Company Act. The chairman of the Board of Directors shall internally preside the shareholders' meeting and the directors' meeting, and shall externally represent the Company except as otherwise provided for in laws.

A candidates nomination system shall be adopted by the Company for election of independent directors and non-independent directors. The Company shall have 9~11 directors who shall be elected by the shareholders' meeting from among the name list of candidates.

The term of a Director is three years and may be eligible for re-election.

The total shares of the Company’s registered share certificates held by the whole directors shall be no less than the proportion prescribed by the Securities and Exchange Act.

Article 11-1: The directors referred to in the preceding Article shall include at least three (3) independent directors.

The professional qualifications, shares held, restrictions on concurrent positions held, method of nomination and election, and other matters for compliance with respect to

independent directors shall be governed by the competent securities authority's related regulations.

- Article 11-2: The Company shall establish an Audit Committee pursuant to the Securities and Exchange Act, which shall consist of all independent directors of the Company. The Audit Committee or the committee members shall be responsible for exercising a supervisor's power prescribed by the Company Act, Securities and Exchange Act, and other related laws.
- Article 11-3: The Company's Board of Directors may establish other functional committees. The articles of association thereof shall be established by the Board of Directors.
- Article 12: Directors' meetings shall be convened by the Chairman, except as otherwise provided for in laws. The convener shall notify each director of the agenda within seven (7) days prior to the meeting. However, in the case of emergency, the meeting may be convened at any time.
A directors' meeting may be convened in writing or by electronic transmission .
- Article 13: Where any director fails to attend a director s' meeting, he/she may authorize another director in writing to attend the directors' meeting on behalf of him/her pursuant to laws, provided that a director may accept the appointment to act as the proxy of one other director only. The documentation of the appointment form a part of the meeting minutes and shall be well preserved by the Company.
- Article 14: Resolutions at a directors' meeting shall, unless otherwise provided for in laws or the Articles, be adopted by a majority of eligible votes of the directors at a meeting attended by a majority of the whole directors.
- Article 15: The functions of the Board of Directors shall be implemented in accordance with the Company Act and other related laws.
- Article 15-1: The amounts of remuneration to directors shall be determined by the shareholders' meeting based on the rate prevailing in fellow companies and the directors' participation in and contribution to the Company's operation, regardless of whether or not the Company operates of profit. If a director serves other position concurrently in the Company, he/she may be remunerated with salary according to general standard.
- Article 15-2: The Board of Directors has set up a Secretariat of the Board dedicated to handling the affairs related to the Board of Directors.

Section 5. Managerial Personnel

- Article 16: Job title, appointment, discharge and remuneration of the Company's managerial personnel, if any, shall be decided by a majority of the directors present at a meeting attended by a majority of the whole directors.
- Article 17: The Company's managerial personnel shall process the Company's routine affairs per the resolution made by a directors' meeting.
- Article 17-1: The Company may purchase liability insurance against the damages to be borne by directors and officers with respect to the scope of business carried out by them during their term of office.

Section 6. Final Accounts

Article 18: If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

Said compensation to employees may be allocated in the form of shares or in cash, compensation for employees may also be distributed to employees of companies controlled by or affiliated to this Company. The specific requirements shall be defined by the Board of Directors.

If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a matured industry, when resolving to allocate earnings, in consideration of the R&D needs and diversified business, the shareholders' dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1.

Article 19: The Company's fiscal year shall commence from January 1 until December 31 of each year. The Board of Directors shall prepare the following reports at the end of each fiscal year and send them to the general shareholders' meeting for recognition:

1. Business report;
2. Financial statements;
3. Motion for allocation of earnings or covering of loss.

Section 7. Bylaw

Article 20: Any matters not covered herein shall be implemented in accordance with the Company Act and related laws of the R.O.C.

Article 21: The Articles of Incorporation was established on November 30, 1976. (following content omitted) 35th amendments hereto were made on June 24, 2019.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 3

Asia Polymer Corporation Ethical Corporate Management Best Practice Principles

Amended on November 12, 2019

Article 1: Purpose and Scope of Applicability

- I. Purpose: The Principles are established in order to foster a corporate culture of ethical management and sound development.
- II. Scope: Asia Polymer Corporation (hereinafter referred to as the “Company”), its subsidiaries, any corporation to which the Company's direct or indirect contribution of funds exceeds fifty (50) percent of the total funds received, and its group enterprises and organizations including other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the “Group enterprises and organizations”).

Article 2: Prohibition of unethical conduct

When engaging in commercial activities, the Company’s directors, managerial officers, employees, and persons having substantial control over the Company (hereinafter referred to as the “substantial controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders. Said public servants include public representatives of each level, public servants of the central and local authorities, and any other persons engaged in government affairs pursuant to laws.

Article 3: Types of benefit

“Benefits” referred to herein mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4: Legal compliance

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5: Policy

The Company shall abide by the management philosophy of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control mechanism so as to create an operational environment for sustainable development.

Article 6: Prevention programs

The Company shall, according to the management philosophy and policy referred to in the preceding Article, clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (“prevention programs”), including operating procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its Group enterprises and organization are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with its employees, labor union or other representative entities’ members, and stakeholders.

Article 7: Scope of prevention programs

The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

The prevention programs, which shall at least include preventive measures against the following:

I. Offering and acceptance of bribes.

II. Illegal political donations.

III. Improper charitable donations or sponsorship.

IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.

VI. Engaging in unfair competitive practices.

VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and service.

Article 8: Commitment and implementation

Directors and General manager of the company shall issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and Group enterprises and organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in

internal management and in commercial activities.

The declarations, commitments and implementation of the above integrity management policy shall be produced and documented by all responsible units and properly preserved.

Article 9: Commercial activities of ethical management

The Company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparts and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with another person, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparts are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10: Prohibition of offering and acceptance of bribes

When conducting business, the Company and our directors, managerial officers, employees, and substantial controllers, shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, including rebate, commission, facilitation payment or any other form. Notwithstanding, benefits that meet the laws and regulations applicable in the territory where the Company is operating shall be excluded.

Article 11: Prohibition of illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and our directors, managerial officers, employees, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operating procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12: Prohibition of improper charitable donations or sponsorship

When making or offering donations and sponsorship, the Company and our directors, managerial officers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operating procedures, and shall not engage in bribery in bribery.

Article 13: Prohibition of offering or acceptance of unreasonable presents, services, hospitality, or other improper benefits.

The Company and our directors, managerial officers, employees, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, services, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14: Prohibition against infringement of intellectual property rights

The Company and our directors, managerial officers, employees, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual

property rights holder.

Article 15 Prohibition of unfair competition

The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevention of damage on Stakeholders from Products/Services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and our directors, managerial officers, employees, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17: Organization and liability

The Company's Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company's governance team establishes and supervises the implementation of the ethical corporate management policies and preventive programs according to the following duties. The chief corporate governance officer periodically (at least once a year) reports to the board of directors:

1. Establish regulations to implement the ethical management policy in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and General manager in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18: Legal compliance for implementation of business

The Company and our directors, managerial officers, employees, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19: Avoidance of conflict of interest by directors and managerial officers
The Company shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for directors, managerial officers, and employees to voluntarily explain whether their interests would potentially conflict with those of the Company. (For details, please see the Company's Code of Ethical Conduct for Directors and Managerial Personnel.)
The Company's directors shall adhere to high self-disciplinary policy. When a motion at a given board of directors meeting concerns their personal interest, or interest of the juristic person represented by them and is likely to injure the Company's interest, the directors shall state their opinion and answers, but may not participate in discussion of or voting on the motion and shall recuse themselves from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.
The Company's directors, managerial officers and employees shall not take advantage of their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children, relatives within the second degree of kinship, or any other person.

Article 20: Accounting and internal control
The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.
The Company's internal audit officers shall, based on the results of assessment of the risk of involvement in unethical conduct, draw up relevant audit plans and examine accordingly the compliance with the prevention programs.
The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors and Audit Committee.

Article 21: Operating procedure and guidelines
The Company shall establish operating procedures and guidelines in accordance with Article 6 herein to guide directors, managerial officers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should contain the following matters:
I. Standards for determining offering or acceptance of improper benefits.
II. Procedures for offering legal political donations.
III. Procedures and the standard rates for offering charitable donations or sponsorship.
IV. Rules for avoiding conflicts of interests concerning job duty and how they should be reported and handled.
V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
VI. Regulations and procedures for dealing with suppliers, clients and trading counterparts suspected of unethical conduct.
VII. Handling procedures for violations of these Principles.
VIII. Disciplinary measures against offenders.
IX. Code of Ethical Conduct for Directors and Managerial Personnel.

Article 22: Training and performance appraisal

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, and substantial controllers and invite the Company's commercial trading counterparts so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23: Complaint and discipline

The Company shall adopt an adequate whistle-blowing channel (e.g. HR Division, Audit Committee, or mailbox for employees, et al.), and keep the complainant's identity and contents of complaint in confidence.

The Company shall establish a disciplinary and complaining system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the job title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24: Information disclosure

The Company shall disclose the status of implementation of the Company's Ethical Corporate Management Best Practice Principles on the Company's website and in the Company's annual report and prospectus.

Article 25: Review and modification of Ethical Corporate Management Best Practice Principles

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managerial officers, and employees to make suggestions, based on which the Ethical Corporate Management Best Practice Principles adopted by the Company will be reviewed and improved with a view to achieving better implementation of the Company's ethical management.

Article 26: Implement

These Principles and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 4

Asia Polymer Corporation Operating Procedures for Ethical Management and Guidelines for Conduct

Amended on November 12, 2019

Article 1. (Purpose and Scope of Applicability)

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct. Accordingly, these Procedures and Guidelines are adopted pursuant to the Company's Ethical Corporate Management Best Practice Principles with a view to providing all personnel of the Company with clear directions for the performance of their duties.

These Procedures and Guidelines are applicable to the Company and its subsidiaries, any corporation to which the Company's direct or indirect contribution of funds exceeds fifty (50) percent of the total funds received, and its group enterprises and organizations including other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the "Group enterprises and organizations").

Article 2. (Applicable Subjects)

The term "personnel of the Company" refers to any director, managerial officer, employee, and person having substantial control of the Company and its Group enterprises and organizations (hereinafter referred to as the "substantial controllers").

Any provision, promise, request, or acceptance of any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3. (Unethical Conduct)

The term "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders. Said public servants include public representatives of each level, public servants of the central and local authorities, and any other persons engaged in government affairs pursuant to laws.

Article 4 (Types of Benefits)

"Benefits" referred to herein mean any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5. (Dedicated Unit)

This Company appoints the governance team (the "Dedicated Unit") under the board of directors to establish and supervise the implementation of the ethical corporate management policies and preventive programs. The chief corporate governance officer shall be in charge of the following matters and report to the board of directors periodically(at least once a year):

- I. Establish regulations to implement the ethical management policy according to the laws and regulations.
- II. Periodically analyzes and assess the risk of unethical behavior within the scope of business.
- III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the

- business scope which are possibly at a higher risk for unethical behavior.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistleblower system and ensuring its operating effectiveness.
- VI. Assisting the board of directors and General manager in assessing whether the preventive measures for ethical management are effectively implemented, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 6. (Prohibition of Offering or Acceptance of Improper Benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining and any other benefits, the conduct of the given personnel of the Company shall comply with the provisions of the Company's Ethical Corporate Management Best Practice Principles and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. To comply with the local laws and regulations prevailing within the jurisdiction where the Company operates.
- II. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- III. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- IV. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- V. Attendance at folk festivals that are open to and invite the attendance of the general public.
- VI. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VII. Property received from relatives or friends in regular contact for engagement, marriage, maternity, relocation, assumption of a position, promotion, transfer, retirement, resignation or severance, and injury, illness, or death of the recipient or the recipient's spouse or lineal relative, if any.
- VIII. Other conduct that complies with the rules of the Company.

Article 7. (Procedures for Handling Acceptance of Improper Benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining and any other benefits by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within three (3) days from the acceptance of the benefit, and the dedicated unit shall be notified if necessary.
- II. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, then within three (3) days from the acceptance of the benefit, the personnel shall refer the matter to the dedicated unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Company's dedicated unit shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or

handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the president.

Article 8. (Prohibition of and Handling Procedure for Facilitating Payments)

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the Company's dedicated unit.

Upon receipt of the report under the preceding paragraph, the dedicated unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the dedicated unit shall also immediately report to the relevant judicial agency.

Article 9. (Procedures for Offering Legal Political Donations)

Political contributions by the Company shall be made in accordance with the following provisions, reported to the Chairman of Board, and a notification given to the dedicated unit, and may be made only after being reported to and approved by a directors' meeting:

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision-making process shall be kept.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10. (Procedures for Offering Charitable Donations or Sponsorship)

The charitable donations or sponsorship made by the Company shall comply with the following requirements and the "Parliamentary Rules for Directors' Meetings". The donations to a stakeholder shall be subject to approval by a directors' meeting. The major donation to a non-stakeholder means any individual donation, or cumulative donations within the preceding year to a single recipient at an amount of NT\$5 million or more, which may be made upon approval by a directors' meeting.

- I. To comply with the local laws and regulations prevailing within the jurisdiction where the Company operates.
- II. A written record of the decision-making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterpart of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
- V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

The term "with the preceding year" in the preceding paragraph means a period of one (1) year calculated retroactively from the date on which the current directors' meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

Article 11 (Avoidance of Conflict of Interest)

The Company's directors shall adhere to high self-disciplinary policy. When a motion at a given board of directors meeting concerns their personal interest, or interest of the juristic person represented by them and is likely to injure the Company's interest, the directors shall state their opinion and answers, but may not participate in discussion of or voting on the motion and shall recuse themselves from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

If in the course of conducting company business, any personnel of the Company discover that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouses, parents, children, or relatives within the second degree of kinship with them are likely to obtain improper benefits, the personnel shall report the relevant matters to both their immediate supervisors and the Company's dedicated unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use the Company's resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by their involvement in the commercial activities other than those of the Company.

Article 12. (Unit Dedicated to Confidentiality and Its Responsibilities)

The Company has set up a special unit dedicated to formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

Article 13. (Prohibition Against Disclosure of Trade Secrets)

All personnel of the Company shall faithfully follow the operational directions pertaining to the Company's trade secrets and may not disclose to any other party any trade secret of the Company of which they have learned, nor may they inquire about or collect any trade secrets of the Company unrelated to their individual duties.

Article 14. (Prohibition Against Insider Trading)

All of the Company's personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. The personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Article 15. (Non-Disclosure Agreement)

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16. (Announcement of Policy of Ethical Management to Outside Parties)

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its philosophy and regulations with respect to ethical management.

Article 17. (Ethical Management Evaluation Prior to Development of Commercial Relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterpart in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterpart with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its

implementation.

- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18. (Statement of Ethical Management Policy to Counterparts in Commercial Dealings)

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterpart about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including rebate, commission or facilitating payment, or offer or accept improper benefit in any other manners.

Article 19. (Avoidance of Commercial Dealings with Unethical Operators)

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterpart in commercial interactions that is involved in unethical conduct. When the counterpart or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterpart and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20. (Stipulation of Terms of Ethical Management in Contracts)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. Otherwise, the other party may claim the liquidated damages agreed in the contract against the breaching party, and may also deduct the full amount of the damages from the contract price payable, in addition to the loss suffered by it against the breaching party, if any.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21. (Handling of Unethical Conduct by Personnel of the Company)

If the Company discovers, or receives any complaint reporting, that another party has engaged in unethical conduct, the Company shall verify the truth immediately. If the unethical conduct is proven to violate related laws and regulations or the Company's ethical management policies and requirements, the Company shall ask the violator to cease the conduct immediately and render appropriate measures, and claim damages through legal proceedings, if necessary, to maintain the Company's goodwill and interest.

With respect to an unethical conduct already committed, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

The Company's dedicated unit shall submit to the Board of Directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.

Article 22. (Actions upon Event of Unethical Conduct by Others Towards the Company)

If any personnel of the Company discovers that another party has engaged in unethical conduct

towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecution authorities. Where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23. (Establishment of a System for Rewards, Penalties, and Complaints, and Related Disciplinary Measures)

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish clear and effective reward & discipline and complaining systems.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall make immediate disclosure on the Company's internal website of the job title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24. (Implement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Asia Polymer Corporation Operating Procedure for Making of Endorsements/Guarantees (before amendment)

Amended on June 5, 2018

- Article 1: Purpose
The Company shall comply with the Procedure when making endorsements/guarantees for others. Any matters not covered herein shall be implemented in accordance with related laws and regulations.
- Article 2: Scope of applicability
The term “endorsements/guarantees” as used herein refers to the following:
- I. Financing endorsements/guarantees:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
 - II. Customs duty endorsement/guarantee: An endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
 - III. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the above two subparagraphs.
- Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedure.
- Article 3: Subject of endorsement/guarantee:
- I. A company with which the Company does business.
 - II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
 - III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
 - IV. the jointly invested company for which all capital contributing shareholders make endorsements/ guarantees in proportion to their shareholding percentages; capital contribution referred to herein shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.
 - V. Subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.
- “Subsidiary” as referred to herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 4: Limit of endorsement/guarantee:
The aggregate amount of Endorsements and Guarantees made by the Company and the authorized limit on Endorsements and Guarantees made by the Company to any single entity both shall not exceed 60% of the Company’s net worth as stated in the Company’s most recent financial statements.
The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed 60% of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

The amount of Endorsements and Guarantees made among subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall not exceed 10% of the Company's net worth as stated in the Company's most recent financial statements. Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

Where an endorsement and guarantee is made due to needs arising from business dealings, in addition to said requirements about authorized limit, the individual endorsement and guarantee made therefor shall be no more than the transaction value between both parties for the most recent year.

The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Decision-making and level of authority

The authorized limit on endorsements/guarantees to a single entity shall be subject to review and approval by the Chairman of Board, and then submitted to the Board of Directors for a resolution. Notwithstanding, substantial endorsements/guarantees shall be approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution in advance. The Chairman is authorized to make decisions within the specific aggregate limit during adjournment of Board of Directors' meeting, and then have it ratified by the most recent Board of Directors' meeting. Notwithstanding, subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares may not make endorsements/guarantees until the same is reported to and resolved by a Board of Directors' meeting of the Company. Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 6: Procedure for Making of Endorsements/Guarantees

- I. When applying for the authorized limit of endorsement/guarantee, the endorsed/guaranteed enterprise shall provide its basic information and financial information, and submit an application to the Company's Financial Department for the endorsement/guarantee. The Financial Department shall thoroughly evaluate the related information, and conduct credit investigation each year during the period when the endorsement/guarantee persists. The scope of evaluation covers the necessity and reasonableness of endorsement/guarantee, whether the amount of an endorsement/guarantee is commensurate to the total amount of trading between the two (2) companies when the endorsement/guarantee is made due to needs arising from business dealings, the impact on the Company's operational risk, financial condition and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof.
- II. The Company's Financial Department shall compile the related information referred to in the preceding paragraph and submit the same together with the evaluation result to the Chairman of Board for review and approval, and then have the same submitted to a Board of Directors' meeting for a resolution, or have the Chairman of Board make decisions with authorization, before making the endorsement/guarantee.
- III. Financial Department shall prepare a memorandum book for the endorsements/guarantees made by it and truthfully record the following information: subject of the endorsement/guarantee, amount, date of approval by the Board of Directors' meeting or decision made by the Chairman of Board, date of endorsement/guarantee, issues to be evaluated carefully pursuant to the Procedure, contents of collateral and value thereof upon evaluation, conditions for and date of termination of the endorsement/guarantee, and amount and date of liability of guarantee.
- IV. Upon discharge from debt, the endorsed/guaranteed enterprise shall notify the relevant information to the Company's Financial Department to relieve the Company from the liability of guarantee and enable the Company to record the discharge in the memorandum book for the endorsements/guarantees.
- V. The Company's Financial Department shall evaluate and state the contingent loss for endorsements/guarantees, and shall adequately disclose information on

endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of adequate audit report.

- Article 7: Procedure for usage and custody of corporate chop
The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors. The same shall apply if the chop is changed. The chop may be used to seal or issue negotiable instruments only in accordance with the operating procedures prescribed by the Company. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.
- Article 8: Notes to Making of Endorsements/Guarantees
The Company's internal auditors shall audit the Operating Procedure for Making of Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
Where as a result of changes of condition the endorsed/guaranteed company no longer meets the requirements herein, or the amount of endorsement/guarantee exceeds the limit, the audit unit shall urge Financial Department to adopt corrective action plans against the amount of endorsement/guarantee or that exceeding the limit and submit the plans to the Audit Committee and reported to a Board of Directors' meeting, and shall complete the corrective action according to the time frame set out in the plan.
Where the Company needs to exceed the limits set out herein to satisfy its business requirements, and where the conditions set out herein are complied with, it shall obtain approval from a majority of all Audit Committee members, and approval from a Board of Directors' meeting and a majority of the whole directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedure accordingly and submit the same to the shareholders' meeting for ratification thereafter. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the Company has assigned the position of independent director, during the discussion by the Board of Directors referred to in the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
Where the endorsed/guaranteed company is a subsidiary whose net worth in the most recent financial statement is lower than half of its paid-in capital, Financial Department shall obtain the annual financial statements of the endorsed/guaranteed company and conduct the risk evaluation report on necessity and reasonableness, and then submit the statements and report to the Chairman of Board for approval. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall refer to the sum of the share capital plus paid-in capital in excess of par.
- Article 9: Time limit for public announcement and contents thereof
- I. The Company shall enter the balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.
 - II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:
 - (I) The balance of endorsements/guarantees made by the Company and its subsidiaries reaches fifty (50) percent or more of the Company's net worth as stated in its latest financial statement.
 - (II) The balance of endorsements/guarantees made by the Company and its subsidiaries to a single entity reaches twenty (20) percent or more of the Company's net worth as stated in its latest financial statement.

- (III) The balance of endorsements/guarantees by the Company and its subsidiaries to a single entity reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such entity reaches thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.
- (IV) The amount of new endorsements/guarantees made by the Company and its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.

Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

- III. The Company shall report to the MOPS on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The proportion of the balance of endorsements/guarantees made by subsidiaries referred to in the preceding paragraph in net worth shall refer to the proportion of the same in the Company's net worth.

Article 10: Procedure for Control over Endorsements/Guarantees Made by Subsidiaries

- I. Where any of the Company's subsidiaries wish to make endorsements/guarantees for others, the Company shall order the subsidiary to establish its own operating procedure for making of endorsements/guarantees and comply with the same, provided that the net worth shall be calculated based on the subsidiary's net worth.
- II. The subsidiary shall prepare the statement of endorsements/guarantees made for others in last month by 5th day of each month, and submit the same to the Company for review.
- III. The internal auditors of the subsidiary which is a public company shall audit its operating procedure for making of endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's audit unit in writing of any material violation found to enable the Company's audit unit to submit the same to Audit Committee.
- IV. When conducting an audit on a subsidiary pursuant to the annual audit plan, the Company's internal auditors shall also verify the subsidiary's operating procedure for making of endorsements/guarantees and the implementation thereof. Where any deficiencies are found, the internal auditors shall follow up the improvement thereof continuously, and prepare the follow-up report and submit the same to the Board of Directors.

Article 11: Penalty

Where the Company's managerial staff and relevant personnel violate the Procedure, the staff and personnel shall be reported for performance appraisal pursuant to the Company's personnel management rules and employees' work rules and disciplined subject to seriousness of the case.

Article 12: Enforcement and amendment

The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a Board of Directors' meeting and approval by a shareholders' meeting in advance. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion. The same shall apply where the Procedure is amended.

Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 6

Asia Polymer Corporation Operating Procedure for Loaning of Funds (before amendment)

Amended on June 8, 2017

- Article 1: The Company shall comply with the Procedure when loaning funds to others.
- Article 2: Borrower
The Company's loaning of funds shall comply with the following requirements: The entities to which the Company may loan funds (hereinafter referred to as the "borrowers") are limited to:
- (I) A company or firm with which the Company does business;
 - (II) A company or firm requiring short-term financing facility; The term "short-term" as used herein means one (1) year, or one (1) operating cycle (whichever is longer).
- "Subsidiary" as referred to herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 3: Necessity of and reasonableness of loaning funds to others
Where funds are loaned for reasons of business dealings between the Company and another company or firm, Paragraph 2 of Article 4 herein shall apply. Where funds are loaned for reasons of short-term financing facility, only the following circumstances may apply:
- (I) When affiliated company of the Company needs short-term financing facility to meet business requirements;
 - (II) When another company or firm needs short-term financing facility to purchase materials or seek revolving fund;
- Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower
The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA.
The limit of loan to each entity is defined as follows subject to the reason of loaning:
- (I) For the borrower who does business with the Company, the aggregate amount of loans by the Company shall be no more than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA. The individual loan shall be no more than the Company's purchase from or sale to it for the most recent year or until the loan is made, whichever is higher.
 - (II) For the borrower who needs the short-term financing facility, the aggregate amount of loans and individual loan by the Company shall be no more than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA.
- The restriction on 40% of the net worth of a foreign company in which the Company holds, directly or indirectly, 100% of the voting shares shall not apply to short-term financing facility between said foreign company and the other foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. The aggregate amount of loans and individual loan shall be no more than 100% of the net worth of the foreign company's most recent financial statements audited, certified or reviewed by the CPA.
The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Operating Procedure for Loaning of Funds

(I) Procedure

1. The Company's loaning of fund or short-term financing facility shall be subject to approval by the Company's Financial Department, and submitted to a Board of Directors' meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors' meeting for a resolution in advance.

Loaning of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution by a Board of Directors' meeting pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by a Board of Directors' meeting, and within a period not to exceed one (1) year, to give loans in installments or to make a revolving credit line available for the borrower to draw down.

The "certain monetary limit" mentioned in the preceding paragraph shall be in compliance with Paragraph 3 of Article 4 herein. Meanwhile, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth in the Company's or the subsidiary's most recent financial statements. Notwithstanding, where the accounts receivable from stakeholders and other accounts receivable expiring the normal credit period for a specific time limit are held as loaning of fund (hereinafter referred to as the "loaning of fund equivalent") and thereby it is impossible to report them to a Board of Directors' meeting for resolution in advance, the same may be ratified at the latest Board of Directors' meeting. Where the Company has assigned the position of independent director, during the discussion by a Board of Directors' meeting for loaning of fund or short-term financing facility, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

2. The Company's Financial Department shall prepare a memorandum book for the loaning of fund. Notwithstanding, the Accounting Department shall prepare a memorandum book for the loaning of fund equivalent, if any, separately. Upon resolution of the loaning of fund by a Board of Directors' meeting the Company shall record the borrower, amount, date of approval by the Board of Directors' meeting, lending/borrowing date, and matters to be carefully evaluated as required into the memorandum book truthfully.
3. The internal auditors shall audit the Operating Procedure for Loaning of Funds and the implementation thereof quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
4. Financial Department and Accounting Department shall prepare the relevant statements of the loaning of fund and equivalent thereof incurred and canceled per month to help control, follow up and process the public announcement and reporting, and shall evaluate and provide adequate allowance for bad debt quarterly, and disclose the information about loaning of fund in the financial statements and provide the CPA with relevant information.
5. Where as a result of changes of condition the borrower no longer meets the requirements herein, or the balance exceeds the limit, Financial Department shall adopt corrective action plans and submit the plans to the Audit Committee, and shall complete the corrective action according to the time frame set out in the plan.

(II) Procedure for examination

1. When processing the loaning of funds, the Company shall have the company or firm which applies for the loaning of funds check the related financial information and state the purpose of fund and then file the application in writing. Notwithstanding, this shall not apply to the loaning of fund equivalent.
2. Upon receipt of the application, the Company's Financial Department shall

investigate and evaluate the necessity and reasonableness of loaning funds to others, whether the borrower is doing business with the Company directly (indirectly), the borrower's financial position, solvency and credit, profitability and purpose of loan, and produce and submit the relevant report to the Board of Directors after taking into consideration the operation risk caused by the aggregate amount of fund loaned by the Company to the Company, the Company's financial position and shareholders' equity.

3. The Company shall request the promissory note bearing the same amount to secure the fund loaned by the Company or short-term financial facility given by the Company, and demand that the borrower should pledge personal property or real property, if necessary, and evaluate whether the value of collateral is equivalent to the balance of loaned fund quarterly and add the collateral, if necessary. Notwithstanding, this shall not apply to the loaning of fund equivalent.

For the security for obligation referred to in the preceding paragraph, where the debtor asks any individual or company with considerable financial position and credit to secure the loan in lieu of collateral, the Board of Directors shall handle it according to the credit investigation report submitted by Financial Department. When the loan is secured by any company, please note whether the company's articles of incorporation provided any clauses about making guarantee.

Article 6: Duration of financing facility and calculation of interest

Duration of the funds loaned by the Company shall be no more than one (1) year, provided that it shall be no more than five years in the case of the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. Upon maturity of the funds loaned by the Company, the principal must be repaid at first and renewal of the loan is only applicable upon approval by a Board of Directors' meeting.

The loan interest shall be no less than the average interest rate accruing on the short-term loan offered by financial institutes. In the case of any special circumstance, the interest rate may be adjusted upon approval given by a Board of Directors' meeting.

Article 7: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

After allocating the loan, Financial Department shall keep noticing the borrower's and guarantor's financial, business and related credit status, and any changes in the value of collateral, and report any material change to the President, CFO and related unit, and take appropriate measures to respond to the situation.

Where the borrower wishes to repay the loan when due or prior to expiration of the loan, he/she shall calculate the payable interest at first and then repay the principle plus the interest. Then, the promissory note may be returned to the borrower, or the mortgage/pledge may be canceled.

Article 8: Procedure for public announcement and report

(I) Financial Department (Accounting Department) shall submit the information about the balance of loan made by the Company and its subsidiaries in the previous month to Accounting Department by the tenth (10th) day of each month, and carry out the public announcement and reporting of the same and the turnover.

The term "announcement and reporting" as used herein means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

(II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence:

1. The balance of fund loaned by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of fund loaned by the Company and its subsidiaries to a single entity

reaches ten (10) percent or more of the Company's net worth as stated in its latest financial statement.

3. The amount of new fund loaned by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph.

Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Article 9: Procedure for Loaning of Funds by Subsidiaries

- (I) Where a subsidiary of the Company intends to loan funds to others, the Company shall instruct it to formulate its own operating procedure for loaning of funds to others, and comply with the "internal control system" and "operating procedure for loaning of funds to others" established by the Company and it, respectively. Meanwhile, the subsidiary shall submit to the Company the written report on the balance, borrower and duration of the fund loaned in the previous month by 5th day of each month.
- (II) Where the balance of funds loaned by any subsidiary of the Company that is not a public company of the Republic of China meets the standards for announcement and reporting referred to in Paragraph 2 of Article 8 herein, it shall be notified to the Company on the date of occurrence, and the Company shall carry out the announcement and reporting on the designated website as required.
- (III) When conducting an audit on a subsidiary pursuant to the annual audit plan, the Company's internal auditors shall also verify the subsidiary's operating procedure for loaning of funds to others and the implementation thereof. Where any deficiencies are found, the internal auditors shall follow up the improvement thereof continuously, and prepare the follow-up report and submit the same to the Board of Directors.

Article 10: Penalty

Where the Company's managerial officers and employees violate the Operating Procedure, they shall be reported for performance appraisal pursuant to the Company's personnel management rules and employees' work rules and disciplined subject to seriousness of the case.

Article 11: The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a board of directors meeting and approval by a shareholders' meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion.

Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

In case of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

Appendix 7

ASIA POLYMER CORPORATION

Stake of Directors

Title	Name	Stake
Chairperson	Yi-Gui Wu (Representative of Union Polymer International Investment Corporation)	200,042,785
Director	Guo-Hong Li (Representative of Union Polymer International Investment Corporation)	
Director	Pei-Ji Wu (Representative of Union Polymer International Investment Corporation)	
Director	Zhen-Tu Liu (Representative of Union Polymer International Investment Corporation)	
Director	Hong-Chu Wu (Representative of Union Polymer International Investment Corporation)	
Director	Yi-Shao Ke (Representative of Taiwan Union International Investment Corporation)	20,932,787
Independent Director	Da-Xiong Chen	0
Independent Director	Shang-Hong Shen	0
Independent Director	Dun-Qian Zheng	0
Total Stake of Directors		220,975,572
Stake by Law of Directors		17,740,247

Note: 1. The said stake is the number of shares registered in the List of Shareholders dated by the book closure date (April 14) of the 2020 AGM.

2. The total issued shares of APC are 554,382,745 shares.

Appendix 8

The Impact of Stock Dividend Issuance on Business Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2020.

Item	Year	2020 (Estimates)	
Beginning paid-in capital		NT\$5,543,827,450	
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$0.6	
	Stock dividend per share for capitalization with earnings.	0.05 share	
	Stock dividend per share for capitalization with capital reserve.	0 share	
Impact on business performance	Operating income	N/A (Note 2)	
	Rate of increase (decrease) of operating income YOY		
	Net profit after tax		
	Rate of increase (decrease) of net profit after tax YOY		
	EPS		
	Rate of increase (decrease) of EPS YOY		
	Average ROI (reciprocal of average price-earnings ratio (PER))		
Proposed EPS and PER	If issuing dividends in cash for capitalization with earnings		Proposed EPS
			Proposed annual average ROI
	If no capitalization with legal reserve		Proposed EPS
		Proposed annual average ROI	
	If issuing dividends in cash for capitalization with earnings without capitalization with legal reserve	Proposed EPS	
		Proposed annual average ROI	

Note 1: Dividend distribution for 2019 is shown according to the profit distribution proposal resolved by the Board on March 5, 2020.

Note 2: APC does not conduct open financial forecast of any kind, and the information relating to the impact on business performance, proposed EPS and PER are not applicable.

1. The company shall present all basic assumptions for estimates or proposed data.
2. Proposed EPS for issuing dividends in cash for capitalization with earnings.

$$= \frac{[\text{Net profit after tax} - \text{Imputed interest for cash dividends}^* \times (1 - \text{Tax rate})]}{[\text{Total Issued Shares by End of Year} - \text{Number of Shares with Dividends}^{**}]}$$

Imputed interest for cash dividends* = Amount of capitalization with earnings x General interest rate for one-year loan
 Number of Shares with Dividends**: The number of shares increased from the stock dividends in the previous year.
3. Annual PER: Annual Average Market Price Per Share ÷ EPA in the Annual Financial Statement

Chairperson:

Manager:

Case Officer:

Appendix 9

Description of shareholders proposals:

1. Referring to Article 172-1 of the Company Act: “Shareholder(s) holding one per cent (1%) or more of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of shareholders, provided that only one matter shall be allowed in each single proposal of not more than 300 words.”
2. The acceptance period of proposals from shareholders for the 2020 AGM is from April 5, 2020 to April 15, 2020. All proposals were disclosed on the Market Observation Post System by law on March 24, 2020.
3. No proposal from shareholder was received during the said period.